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APPROVAL OF UNDP ASSISTANCE TO A PROJECT OF CAMBODIA

IPF:(1992-96) $105 319 000

(CMB/91/007) - Technical Assistance for the Rehabilitation of the Water Utilities of Phnom Penh and Sihanoukville

Date of approval by the AC:[1/]	**4 November 1992**
Expected duration:	**36 months**
Proposed executing agency:	**The World Bank**
Government implementing agency:	**The Supreme National Council of Cambodia (SNC)**
Proposed UNDP contribution:	**$4 110 900 Source of funds: IPF**
Total UNDP budget:	**$4 110 900**
Administrative and Operational Support Services (AOS):	**$ 411 100 Agency: World Bank**

Project background

The water and power services were brought to a complete halt in Cambodia during the 1975-1979 period, and restored subsequently with facilities which had suffered significant damages. In the late 1980s only six civil Khmer engineers were left in the country. The reconstitution of a competent workforce at all levels, with the necessary qualifications and skills for the management and operations of the production and distribution systems is of utmost importance in the ongoing phase of rehabilitating the urban water and power services. Many of the existing staff have little or no exposure to modern technology and concepts, and have little familiarity with foreign language capabilities. Water services are essentially the decentralized responsibility of the Provinces. Thus, each municipality has so far retained separately established services for water - each with limited financial autonomy and experiencing difficulty to man its own departments, which are responsible for the operations and maintenance of the facilities. New investments are the responsibility of the municipality. Tariff levels do not cover the operating costs; and the lack of fuel and heavy municipal subsidies required to run the facilities have compelled authorities to reduce the level of service to much less than 24 hours.

In Phnom Penh, production of water (by pumping) is presently possible only for about 14 hours at full capacity, and at lower capacity during the rest of the day. The quality of water delivered to the distribution system has improved with the completion of chlorine disinfection systems and improved handling of the sedimentation and filtration functions of the water plant. These improvements are however not realized by the population as the quality of service on the distribution system is still conditioned: (i) by significant number of holes and leaks on the network made by the population to gain access to piped water at very low pressure; and (ii) by the limited number of hours of pumping. Despite the recent price increase of water, the latest methods of decentralized billing and revenue collection at the district level seem to have failed completely as demonstrated by the very limited amounts of money collected. As the municipality can only rely on consumer contributions to pay for diesel and electricity requirements, the water situation at the city level is not expected to improve unless significant changes in managerial procedures are designed and implemented. The tariff increase recently applied

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[1/] This Fact Sheet reflects the status of the project/revision at the time it was approved by the Action Committee; modifications to the project/revision may have occurred subsequently.

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to all consumer categories is reaching a point where price levels may become untenable to the lower levels of the population. The senior management of the water utility requires guided advice on the management of complex operations it is unfamiliar with.

In Sihanoukville, the supply of water has been for five hours a day since August 1991, with a high iron content in some areas making it improper for drinking use. The distribution network has suffered physical amputations of its pipelines in the city; and according to the water agency's staff would only be left with five km of the previous 15 km-long network. Connections on the network do not seem to exceed 800 despite earlier claims of a larger number, many of them illegal. The water service is provided free of charge to the population that is connected on the basis that the quality and quantity are inadequate and that there are no meters to charge users. Therefore, whatever service is now provided is heavily taxing the meagre financial resources of the municipality without any user contribution. The lack of any significant administrative and commercial capacity among staff and the restricted number of qualified persons calls for strengthening technical skills for water production and distribution.

Description of project

The development objective of the project is to ensure the efficient and effective provision of water supply in a sustainable manner in the municipalities of Phnom Penh and Sihanoukville.

The immediate objective of the project is to enhance the capacity of the water utilities in Phnom Penh and Sihanoukville in the field of management, operation, maintenance, accounting, billing and collection systems.

Inputs

UNDP will provide 24 work-months for a senior water supply management advisor, 24 work-months for a financial and accounting advisor, 24 work-months for a production superintendent, 24 work-months for a distribution superintendent, 20 work-months for an expert in the restructuring of the financial and accounting systems, 10 work-months for an in operations computerization, 168 work-months for administrative support personnel, 24 work-months for a UNV-maintenance technician, 24 work-months for a UNV- civil works technician, 24 work-months for a UNV-laboratory chemist, 24 work-months for a UNV-water distribution technician, 24 work-months for a UNV-stores manager, 24 work-months for a UNV-personnel manager, 24 work-months for a UNV-water production technician, 24 work-months for a UNV-water distribution technician; a subcontract to undertake the preparation of the institutional structure and regulatory framework for the water sector, a subcontract for the preparation of a human resources development plan; 288 work-months for fellowships abroad, 600 work-months for in-country fellowships, 23 work-months for study tours, in-service language training; expendable and non-expendable equipment; and miscellaneous costs.

Financial data

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Personnel	2 380 400
Subcontract	240 000
Training	413 000
Equipment	1 037 500
Miscellaneous	40 000
Total	4 110 900

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